SOCIAL PLANNING
COUNCIL
OF
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TORONTO

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BRIEF TO THE COMMISSION OF INQUIRY INTO RESIDENTIAL TENANCIES

February, 1983

A participant in
the United Way

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Price: $2.00

I. INTRODUCTION

1.0 Ensuring an adequate supply of affordable rental housing to meet the diverse needs of Metro residents - needs that vary by lifestyle, income level, as well as personal and family situation - has emerged as a major focus of public debate. The reduced commitment of senior levels of government to housing programs supplying low-income housing, coupled with the continuing inability of the private sector to build housing for low and moderate income people, has created a serious concern regarding the supply of affordable rental accommodation.

1.1 In addition, the existing stock of affordable rental housing in Toronto is threatened by a variety of factors, including: 1) the demolition of older rental apartments; 2) the deconversion of large older houses containing several rooms, flats or apartments back into one and two family residences; and 3) the rapid increase in some rents resulting from the sale and/or refinancing of older apartment units.

1.2 With the vacancy rate in Metro Toronto currently below one per cent, as it has been for most of the last five years, many low and moderate income households are having increasing difficulty finding suitable rental accommodation at a price they can afford. In the absence of adequate supply-side programs, many people living on the margins of society - people on welfare, unemployed youth, single parents, the disabled and the elderly - scramble desperately in pursuit of the declining stock of low-rent housing.

1.3 It is within this general housing climate that the current system of rent review in Ontario must be discussed and examined. The capability of low-income households to afford rental housing in the private market has not signi-

ficantly improved since the imposition of rent review in 1975. An effective rent review system is essential in order to protect low and moderate income households from economic evictions and to ensure security of tenure.

1.4 This brief has been organized into three sections. The first examines the major points raised in previous Social Planning Council reports and submissions on the subject of rent review, particularly those concerns which have been inadequately dealt with by government. The second discusses changes in rent levels within Metropolitan Toronto under rent review to determine the extent to which the program's provisions are being observed in actual practice. The final section analyzes the existing rent review legislation and Commission procedures in light of the above findings.

1.5 The following analysis focuses on the effectiveness of rent review in two respects. First, its success in maintaining rent levels which are affordable for low and moderate income households. Second, its ability to ensure that the existing provisions, most notably the six per cent guideline, are being adhered to by landlords.

II. MAJOR CONCERNS RAISED IN PRIOR SUBMISSIONS

2.0 This section will briefly reiterate some of the major concerns identified by the Council in its previous reports and submissions on the subject of rent review. In particular, it will highlight those concerns which in our assessment have been ignored or inadequately dealt with by government to date.

2.1 Amendments to Ontario's existing landlord-tenant legislation in both 1970 and 1975 went a long way toward enshrining the principle that tenants have a right to enjoy full possession of their homes for as long as they wish to live there. Causes for eviction or non-renewal of leases are now clearly set out in legislation and are meant to apply equally to all rental units.

2.2 In several previous submissions, the Social Planning Council has emphasized the point that rent review cannot be discussed in isolation from the larger question of security of tenure. Without some form of rent review, landlords would be free to increase rents as a means of evicting tenants. As many tenants, probably at least 30 per cent of the total, already pay substantially more than the generally accepted standard of 25 per cent of their income for shelter, rent review plays an especially important role in protecting this group from unjust economic hardship.

2.3 Many groups and organizations, including this Council, have called for the establishment of a central rent registry to maintain a record of changes in rent levels and rent increases for all units in every building. To be operated from offices of the Residential Tenancy Commission, such records should include current as well as all past rents during the period of rent review. In addition, it should identify separately any charges associated with ancillory services or facilities which were included in the rent charged each year.

2.4 It is known that there are a considerable number of violations of the current rent review guidelines resulting from the inability of new tenants to determine what rents were paid by prior tenants. Such illegal increases make a mockery of the present rent review system. A central rent registry available for public examination is the most effective way to significantly reduce such violations.

2.5 A central rent registry would also provide an important source of accurate, reliable information relating to the price and quantity of rental accommodation. Such information forms an essential part of any attempt to evaluate the effectiveness of the program.

2.6 The Social Planning Council supports the continued use of a rent index guideline approach to reviewing rents. Such an approach has the advantage of significantly reducing the need for government intrusion into the landlord-tenant relationship. The rent increase index should be set at a level designed to enable the majority of landlords to make a fair return above their operating costs, while at the same time protecting tenants from unjust economic hardship.

2.7 The Council is concerned that capital expenditures cited as a justification for rent increases above the 6 per cent guideline at review hearings in fact never take place, or that they do not occur until after the year for which the application is made. We therefore urge that increased rents to cover items of capital expense only be allowed subsequent to the capital improvement having been carried out.

2.8 In an earlier submission, the Social Planning Council warned of the need to more carefully delineate the acceptable grounds for seeking increased rents to cover financial loss

as it pertains to building sales and voluntary refinancing. The increased incidence of 'flipping' rental apartment properties, particularly the recent situation with regard to the sale of nearly 11,000 units formerly owned by Cadillac-Fairview, underscores the urgency of this problem.

2.9 Such practices undermine the stability of rents in the private rental sector, and create an unacceptable situation in which speculative gain is being financed through tenants' rents. This Council supports the view that financial loss resulting from the sale of a building and any consequent refinancing arrangements should not be appropriate grounds for seeking a rent increase above the guideline. Other forms of voluntary refinancing such as buying down the principal on a mortgage should also not be accepted.

2.10 While not explicitly part of the mandate of this Inquiry, these aspects of the current legislation run counter to the principle of assuring security of tenure and should be re-examined. Among them are provisions for the establishment of house rules which leave far too much discretion in the hands of individual landlords. Another relates to the lack of equity in the enforcement of landlord and tenant obligations, both in terms of the onus of responsibility and the severity of penalties provided. Finally, the removal of the right of tenants to withhold rent in order to force a landlord to live up to their obligations takes away one of the few significant weapons available to tenants in protecting their rights.

III. RENT LEVELS AND RENT INCREASES UNDER RENT REVIEW

3.0 In spite of the current rent review program, increases in rent levels within Metropolitan Toronto during the last twelve to eighteen months have been outstripping increases in both wages and the cost of living (See Table 1). Depending on unit size, rent levels within Metro Toronto as a whole increased by 11.2 to 15.9 per cent between October 1981 and October 1982. Rent levels in many component parts of Metro have been increasing at higher rates than these overall averages.

3.1 For instance, while bachelor units saw rent increases average 12.9 per cent across Metro Toronto, increases of 14.6 per cent were experienced in the City of Toronto, and 16.8 per cent in the downtown area. Bachelor units in York and North York went up 15.1 and 14.5 per cent respectively. In Metro, one bedroom units experienced average rent increases of 11.2 per cent. By comparison, the downtown area saw increases of 13.2 per cent, while York and East York had average rents go up to 12.4 and 18.2 per cent respectively. Similar examples could be cited for two and three bedroom units, where the Metro Toronto average increases were 13.0 and 15.9 per cent.

3.2 Of more particular concern to this Council, is the supply and affordability of rental accommodation available to low to moderate income persons and families. While overall rent levels are important, rapid increases in rent levels will most severely affect those of modest incomes seeking accommodation on the private market. This is borne out by the findings in Table 2 which takes a careful look at the proportion of low to moderate rental units in relation to the total number of units in Metro Toronto. The data clearly demonstrate that the existing stock of affordable rental housing for

this group is declining rapidly. Yet is is precisely such households - the elderly, single parent families, the working poor, low-income singles and the disabled among others - who need the protection of rent review most. From October 1981 to October 1982, the proportion of bachelor units renting for less than $275 per month declined from 60.2 to 31.9 per cent of the total units available. One bedroom units renting for under $325 per month declined from 61.9 to 34.8 per cent of the total. Similar declines were evident for two and three bedroom units renting for less than $375 and $450 per month respectively. The situation was more severe in particular municipalities, notably in the City of Toronto and East York.

3.3 These benchmark rents approximate the rental cost component contained in appropriate sample budgets of the Social Planning Council's, Guides for Family Budgeting, 1983. Within such budgets, they generally represent between 28 and 40 per cent of the monthly budget requirement for all goods and services. Rents above these amounts are too high to be afforded by low to moderate income families and households.

3.4 It is generally recognized that low to moderate income households should not be paying out more than about 25 per cent of gross income each month in rent. Households with incomes approximating the low-income cut-off lines of Statistics Canada, the most conventional poverty line measure, could not afford to pay even these benchmark rents. But at lower rent levels, the proportion of units available for rent falls off dramatically. In October 1982, only 8.1 per cent of Metro's bachelor units were renting for under $225 per month, yet such a rent level would require an income nearly twenty per cent higher than the poverty line for a single person. Even

a couple living at the poverty line level could not afford much more than $275 a month for a one bedroom apartment. Yet only 5.8 per cent of Metro's one bedrooms were renting for this amount in October 1982. Similarly, two bedroom units renting for less than $325 and three bedroom units available for under $400 made up only 8.1 and 9.3 per cent of total units respectively.

3.5 Looking at the period of rent review as a whole, the data indicate that increases in rents have generally been kept below increases in wage levels (See Table 1). While rents have increased between 66.1 and 77.6 per cent since 1975, depending on the size of unit, average weekly earnings grew by 86.8 per cent. However, using 1974 as the base year to include the period of rapid rent increases immediately prior to the first rent review legislation, produces average rent increases more closely aligned to wage increases. Depending on unit size, average rents grew by between 98.4 and 110.4 per cent, while weekly wages increased by 111.1 per cent.

3.6 The data also reveal that average rent levels in 1982 were anywhere from 18 to 38 per cent higher than would have resulted from a simple application of the allowable rent review ceiling for each of the intervening years. The figures clearly show the escalation in rent levels which has taken place during the last twelve to eighteen months.

3.7 The recent sharp rise in rent levels is examined in greater detail in Table 3. Focusing on the period from October 1981 to October 1982, the data describe the pattern of rent increases for both rent controlled and non-controlled units. From October 1981 to October 1982, the bachelor units in both groups exhibited similar increases of about 10.5 per

cent. For one, two and three bedroom units however, rent levels in the non-controlled group increased 30 to 50 per cent faster than did their counterparts in the rent-controlled group. Increases in the non-controlled group varied from 10.5 to 20.2 per cent.

3.8 The figures reveal that even for those units subject to rent control, average increases during the last twelve to eighteen months have been equal to or greater than increases in weekly wages or living costs, and approaching double the rent review guideline. Part of the reason for this can be attributed to the doubling in the number of apartment units which went before rent review in 1981 - 82 as compared with 1980 - 81, the impact of substantially higher interest rates on the cases which involved refinancing, and the increased incidence of financial loss as a reason for seeking a rent increase above 6 per cent (See Table 4).

3.9 The data in Table 4 indicate that nearly 40,000 units in Metro Toronto were involved in rent review hearings during the period from April 1st, 1981 to March 31st, 1982. For those cases citing either financial loss or increased financing payments as a reason for requiring an increase in excess of the 6 per cent guideline, the average requested increase was more than 20 per cent and the average increase granted topped 17 per cent. This is a full 3 per cent higher than the average increase granted for cases taken as a whole, which was 13.9 per cent.

3.10 The fact remains however that even during the last year the vast majority of units covered by rent review did not go before a review hearing. The rapid escalation in rent levels in Metro Toronto during the last 12 to 18 months can not be adequately explained by the pattern of rent increases granted at rent review hearings alone.

Table 5 attempts to isolate the average rent increase on units which are subject to rent review, but which did not go before the Commission, for each of the last two years.

3.11 The total universe of units subject to rent review in apartment buildings with six or more units can be estimated from CMHC data for the Toronto market area. By comparing these data with information concerning the number of units in buildings of more than six units which went to rent review in the five Commission offices within Metro Toronto, it is possible to estimate the proportion of total apartment units which did not go to rent review.

3.12 The data indicate that average rent increases in apartment units subject to rent review, but which did not go before the Commission, averaged 10.7 per cent in 1982. The comparable figure for 1981 is 7.8 per cent. The average increase in 1982 is more than 75 per cent above the 6 per cent ceiling. The implication of such a massive discrepancy can only mean that a significant number, probably more than half, of all landlords are raising rents illegally.

3.13 Such widespread failure on the part of landlords to comply with the regulations set out in the current legislation poses a serious threat to the effectiveness of rent review in this Province. It should also be noted that this analysis omits any consideration of rent increases in units subject to rent review in buildings smaller than six units. Recent studies within Metro Toronto, as well as the pattern of increases granted at rent review hearings, suggest that average rent increases in these smaller buildings probably exhibit a similar tendency.

3.14 When faced with the fact that many landlords are illegally raising rents by more than the 6 per cent guideline, some industry spokesmen attempt to justify such actions on the grounds that the current guideline does not allow for a reasonable rate of return on investment. The data in Table 4 have already demonstrated that landlords who sought to justify rent increases above the 6 per cent guideline at review hearings were granted average increases in the 14 to 17 per cent range during the last year.

3.15 A recent study by the Ontario government tried to ascertain the impact of rent review on the rate of return on investments in rental properties. Table 6, based on 1980 data, indicates that the median internal rate of return on capital (including both equity and debt-financing) for rent-controlled properties was 11.8 per cent. The internal rate of return on equity alone was 18.6 per cent. The high interest rates during the last two years may have substantially altered these median rates of return over the short term. Nonetheless, for each of the five rate of return indicators cited, the buildings subject to rent review easily outperformed those which were not subject to review.

IV. MAKING RENT REVIEW MORE EFFECTIVE

4.0 This section is intended to highlight and summarize the most important issues and concerns raised by the preceding analysis, and to put forward some concrete suggestions for making the current system of rent review more effective.

4.1 In Metro Toronto, rent increases on rent-controlled units which did not go before a rent review hearing averaged 10.7 per cent during the last year. Such widespread disregard for the current 6 per cent guideline makes a mockery of the rent review program and poses a serious threat to its effectiveness in moderating rent increases.

4.2 This failure on the part of landlords to comply with the 6 per cent guideline also underscores the need to establish central rent registries as the only effective way to significantly reduce such violations. The registries would be operated by the Commission, and enable tenants to find out what rents can be charged legally for the units in their building. With adequate penalties for the filing of false statements concerning rent levels, such a system can be made to work effectively.

4.3 The average rent increase granted at rent review hearings in cases citing either financial loss or increased financing payments was more than 17 per cent for the year ending March 31st, 1982. This was a full 3 per cent higher than the average for all cases. The Social Planning Council believes that the acceptable grounds for seeking increased rents to cover financial loss as it pertains to building sales and voluntary refinancing must be more carefully delineated.

4.4 The practice of initiating a series of rapid changes in the ownership and financing arrangements of rental apartment buildings, commonly referred to as 'flipping', became more frequent with the high interest rates experienced during the last two years. The recent situation with regard to the sale of nearly 11,000 units formerly owned by Cadillac-Fairview, served to focus both media and public attention on this issue.

4.5 The Social Planning Council would argue that such practices undermine the stability of rents in the private sector, and create an unacceptable situation in which speculative gain is being financed through tenants' rents. In our view, financial loss resulting from the sale of a building and any consequent refinancing arrangements should not be appropriate grounds for seeking a rent increase above the guideline. Other forms of voluntary refinancing such as buying down the principal on a mortgage should also not be accepted.

4.6 Depending on unit size, average rents in Metro Toronto were 18 to 38 per cent higher in 1982 than would have resulted from a strict observance of the rent review guideline since 1975. Increases in rent levels for both rent-controlled and uncontrolled units have outstripped wages and living costs during the last 12 to 18 months. This has resulted in a rapid erosion in the supply of units which are affordable by low and moderate income tenants.

4.7 The point must be made that rent review alone can not provide adequate safeguards to ensure security of tenure and protection against economic eviction for low-income renting households. A renewed commitment on the part of senior governments to substantially increase the supply of low-cost rental units to house this segment of the market forms an essential part of this task.

TABLE 1

Affordability of Rental Units
Under Rent Review,
Metropolitan Toronto

Permitted Increase Under Rent Review		Average Rents by Size of Unit ($)								Average Weekly Earnings (Toronto)	
		Bachelor	% Change	One Bedroom	% Change	Two Bedrooms	% Change	Three Bedrooms	% Change		% Change
	1974	151		174		202		257		182.36	
-			17.2		15.5		23.3		19.5		13.0
	1975	177		201		249		307		206.09	
8.0			5.6		8.5		6.0		6.8		10.7
	1976	187		218		264		328		228.10	
8.0			9.1		8.3		6.1		-.6		8.5
	1977	204		236		280		326		247.52	
6.0			3.4		8.9		8.2		12.0		6.0
	1978	211		257		303		365		262.31	
6.0			9.0		8.9		7.6		6.0		8.2
	1979	230		280		326		387		283.69	
6.0			6.5		5.0		5.8		4.9		9.5
	1980	245		294		345		406		310.66	
6.0			10.6		9.2		9.0		8.4		12.2
	1981	271		321		376		440		348.49	
6.0			12.9		11.2		13.0		15.9		10.5
	1982	306		357		425		510		385.00[e]	
Permitted Increase Under Rent Review											
-	1974 - 81		79.5		84.5		86.1		71.2		91.1
47.3	1975 - 81		53.1		59.7		51.0		43.3		69.1
-	1974 - 82		102.6		105.2		110.4		98.4		111.1
56.1	1975 - 82		72.9		77.6		70.7		66.1		86.8

Sources: Canada Mortgage and Housing Corporation, Rental Apartment Vacancy Survey (various years); Ministry of Housing, Rental Market Survey (various years); Social Planning Council, Guides For Family Budgeting (various years); Statistics Canada, Employment, Earnings and Hours (various years).

TABLE 2

Low to Moderate Rents
As A Proportion of Total Units, By Area,
October 1981 and October 1982

		City of Toronto		Etobicoke		Scarborough		York		East York		North York		Metro Toronto	
Bachelors		1981	1982	1981	1982	1981	1982	1981	1982	1981	1982	1981	1982	1981	1982
% Renting Under	225	14.8	5.8	48.4	41.4	4.4	1.8	30.8	14.3	15.0	3.0	36.5	19.7	18.2	8.1
	250	30.1	15.8	64.9	73.2	20.1	17.1	55.0	44.2	47.0	16.3	57.2	30.0	35.4	20.5
	275	57.1	25.0	69.5	88.0	57.7	37.6	80.1	69.6	55.7	31.1	78.8	48.3	60.2	31.9
	300	75.5	52.9	77.1	93.4	91.0	67.0	91.0	84.0	65.9	52.2	87.1	68.0	77.1	57.4
One Bedrooms															
% Renting Under	275	17.0	4.5	31.4	7.4	16.2	8.0	28.0	11.9	25.9	3.6	16.1	5.4	19.7	5.8
	300	33.6	15.5	49.8	28.5	48.1	28.4	49.7	28.9	49.6	7.3	39.6	15.1	41.0	18.3
	325	50.2	27.1	64.6	45.6	65.8	45.9	72.4	49.2	81.6	23.3	68.7	38.2	61.9	34.8
	350	66.1	46.7	76.4	57.1	80.5	60.1	82.2	68.6	91.7	56.2	84.1	59.1	76.2	54.5
Two Bedrooms															
% Renting Under	325	9.9	5.3	24.3	10.7	23.7	12.0	22.9	10.5	30.7	3.0	22.5	6.6	21.3	8.1
	350	18.9	8.1	39.5	20.0	48.0	25.8	39.0	18.3	52.4	5.5	46.8	15.9	40.5	16.6
	375	31.9	14.0	52.2	29.4	66.1	45.1	56.9	37.8	75.1	18.6	70.1	35.3	58.5	31.5
	400	45.7	21.5	68.7	47.6	72.0	59.1	68.6	52.0	94.0	47.3	82.5	54.9	70.9	47.9
Three Bedrooms															
% Renting Under	400	9.9	3.4	19.0	8.7	33.9	17.0	10.2	19.7	35.4	3.5	32.5	7.7	26.7	9.3
	425	23.9	5.2	30.9	14.0	57.5	34.5	53.0	26.6	45.4	17.6	61.6	25.2	48.7	22.3
	450	28.7	12.3	43.1	22.6	64.7	46.0	66.2	45.9	73.0	33.5	73.7	42.2	60.0	35.5
	475	33.1	25.4	47.3	36.6	69.8	53.2	67.0	61.2	89.1	48.8	78.1	52.3	64.9	46.7

Source: Canada Mortgage and Housing Corporation, "Rental Ranges of Occupied and Vacant Units," October 1981 and 1982.

TABLE 3

Average Rents and Rent Increases by Unit Type
and Rent Review Status, Toronto C.M.A.

Average Rents	Subject to Rent Review				Not Subject to Rent Review				Combined Average			
	Apr. 1981	Oct. 1981	Apr. 1982	Oct. 1982	Apr. 1981	Oct. 1981	Apr. 1982	Oct. 1982	Apr. 1981	Oct. 1981	Apr. 1982	Oct. 1982
Bachelor	246	258	269	285	328	339	371	375	259	268	281	296
1 Bedroom	296	311	328	344	389	412	448	467	303	319	337	354
2 Bedroom	344	361	382	401	416	443	485	518	352	371	394	415
3 Bedroom	407	421	452	478	459	486	542	584	418	437	475	504

Rent Increases	Subject to Rent Review			Not Subject to Rent Review			Combined Average		
	18 Months	12 Months	6 Months	18 Months	12 Months	6 Months	18 Months	12 Months	6 Months
Bachelor	15.9	10.6	6.1	14.3	10.5	1.1	14.3	10.6	5.3
1 Bedroom	16.2	10.5	5.0	20.1	13.4	4.3	16.8	10.8	4.9
2 Bedroom	16.6	11.0	5.1	24.5	16.8	6.7	17.9	11.8	5.4
3 Bedroom	17.4	13.6	5.7	27.2	20.2	7.8	20.6	15.4	6.2

Source: Canada Mortgage and Housing Corporation, Rental Ranges of Occupied and Vacant Units, April and October 1982.

TABLE 4

Average Results of Rent Review Hearings
Involving Individual Cost Factors, Metro Toronto

	1977	1978	1979*	1979* - 80	1980 - 81	1981 - 82
Financial Loss						
Number of Units Affected	8,912	10,192	6,402	4,639	7,114	15,630
Average Increase Requested	18.51	17.04	16.76	15.39	16.79	23.01
Average Increase Granted	13.83	11.03	11.70	11.40	13.32	17.09
Capital Expenditures						
Number of Units Affected	12,127	17,096	7,710	9,385	16,912	30,519
Average Increase Requested	16.51	13.72	15.98	14.07	14.78	18.12
Average Increase Granted	11.85	8.95	10.69	9.94	11.09	13.85
Increased Financing Payments						
Number of Units Affected	1,533	3,084	1,113	2,000	5,616	9,556
Average Increase Requested	19.05	13.61	14.52	15.36	12.89	20.80
Average Increase Granted	13.78	10.14	9.26	10.69	11.05	17.25
Increased Operating Costs						
Number of Units Affected	18,948	22,895	10,029	11,015	19,078	36,675
Average Increase Requested	16.74	13.61	15.29	13.68	14.35	17.97
Average Increase Granted	11.86	8.91	10.45	9.83	10.86	13.86
All Cases						
Number of Units Affected	19,217	23,730	10,188	11,056	20,052	39,178
Average Increase Requested	16.9	14.1	15.6	13.9	14.6	18.5
Average Increase Granted	11.7	8.9	10.4	9.9	10.9	13.9

Source: Annual Reports of the Residential Tenancy Commission and the Ontario Rent Review Program (various years).

*Note: The twelve month reporting period was changed from a calendar year to a fiscal year basis in 1979. The 1979 and 1979 - 80 reports combined to cover a 15 month period from January 1979 to March 1980.

TABLE 5

Number of Units Going to Rent Review and Average Increase Granted by Building Size, Metro Toronto

Year Ending:	Buildings Up to 6 Units		Buildings Over 6 Units	
	Number of Units	Per Cent Increase	Number of Units	Per Cent Increase
March 1981	1,074	15.3	18,978	10.6
March 1982	1,360	20.2	37,818	13.7

Average Rent Increases for Apartments (6 or more units), Subject to Rent Review in Metro Toronto

	1981		1982	
	Number of Units	Per Cent Increase	Number of Units	Per Cent Increase
Going to Rent Review	18,978	10.6	37,818	13.7
Not Going to Rent Review*	191,022	7.8	172,182	10.7
Total Universe*	210,000	8.1	210,000	11.3

Sources: Residential Tenancy Commission, Annual Report (1980 - 91 and 1981 - 82).
C.M.H.C., Rental Ranges of Occupied and Vacant Units, (October 1981 and 1982).

*Note: The total universe was estimated from C.M.H.C. data for the Toronto housing market for October 1981 and October 1982. Metro Toronto accounted for between 230,000 and 235,000 of the approximately 270,000 units in the market area. The number of rent-controlled units as a proportion of all units was estimated at 90 per cent.

TABLE 6

Comparison Between Median Rates of Return,
Controlled and Uncontrolled Rental Buildings, 1980

	Total	Uncontrolled	Controlled
Number of Buildings	66	12	54
Net Operating Income Rate	9.3	6.7	9.9
Cash-On-Cash Yield	6.9	-10.2	10.7
Price Appreciation	3.6	1.9	4.0
IRR on Capital	11.0	7.3	11.8
IRR on Equity	13.9	-7.1	18.6

IRR = internal rate of return.

Source: Adapted from The Impact of Rent Review on Rental Housing in Ontario, Ministry of Municipal Affairs and Housing, July 1982 (see chapter 4).